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BUSINESS MONTH

IBM TOUGH GUY: AKERS MAKES A RADICAL TURN

THE COMING GLOBAL AUTO BUST

With David Halberstam
On Korea Rising

LETTERS FROM EUROPE, CHINA AND WASHINGTON

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John Akers

BUSINESS MONTH

FEBRUARY 1988



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PART-TIME WORKERS

I read with much amusement the article concerning part-time employees ("Part-Time Work Force," October). The criticisms of management concerning these people can be traced to one source—management itself.

Few managers understand how best to utilize temporary employees, which is more than evident from some of the ludicrous comments in the article. If a firm is not getting the results it desires, then it needs to reevaluate how it selects and procures these people.

My experience as a former manager and consultant shows two common areas of failure in dealing with part-time workers. Few temporary agencies do even minimal pre-screening of employees. Furthermore, most companies select temps on the basis of price, not ability. In addition, far too many companies abuse employees in ways that their permanent work force would never accept.

Part-time workers are valuable assets to American industry. Like any other asset, they must be properly chosen and utilized.

DONALD C. KIRKENDALL
Orlando, Florida

EXECUTIVE WAGES

The views of C. Jackson Grayson Jr. on compensation design ("Speaking Out," November) are mostly generalities and statistical aggregates irrelevant to specific segregates. Mr. Grayson asserts that "wages in the steel industry rose 16 percent over the past 10 years, but executive pay rose 52 percent."

That is too absurdly wrong to overlook! During that very decade, USX, America's largest steel company, cut its executive dollar payroll by more than one-half in absolute terms and by two-thirds in real terms. We reduced our steel executive positions from 45 to 13. Over the same period, wage hours were also reduced significantly, but our hourly wage costs rose by 73 percent.

J. BRUCE JOHNSTON
*Executive Vice President
Employee Relations
USX Corporation
Pittsburgh*

CORPORATE CULTURE

I enjoyed Edwin Newman's article "They Could Try a Little English" (Decem-

ber), particularly his remark on "corporate culture."

To clarify the term, corporate culture resembles a laboratory culture, which is a cultivation of living material in a prepared nutrient medium. The two kinds of culture share certain characteristics:

1. The living material will often go through mutations and suddenly become something different.

2. Changes in the nutrient—the addition of a little red ink, for example—will completely change the culture. A new chairman or chief executive will often render the culture unrecognizable.

3. Acquisitions will be as deadly to the corporate culture as the addition of penicillin is to a bacteria culture.

4. Cultures are most often short-lived; once their purpose has been served, they are replaced.

MICHAEL F. FITZPATRICK
Mountinside, New Jersey

WEIGHT WATCHERS

In the article about H.J. Heinz ("What Happened to Last Year's Top Five") in your December issue, you state: "Weight Watchers frozen entrees, the company's fastest-growing unit, has carved out a 10.1 percent share of the market with the swift introduction of new products, closing in on the 12 percent share held by Swanson's Lean Cuisine, the market leader." For your information, the Lean Cuisine brand belongs to Stouffer's, and its share of the market far exceeds the 12 percent figure mentioned.

EDWIN T. FRANTZ
*Vice President, Long Range Planning
Nestlé Enterprises
Solon, Ohio*

DOW'S TOWN

In your article "The Town of Dow" (December), you write that "almost all the heads of the Chamber of Commerce committees" are Dow employees. The fact is that only one out of 13 committees is headed by an employee of Dow Chemical Company.

SUSAN L. WHITAKER
*Director, Advertising Sales
Midland Area Chamber of Commerce
Midland, Michigan*

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PUTTING THE RECESSION ON HOLD

There is an important message in the narrowing of the trade deficit in November to \$13.2 billion from a record \$17.6 billion the previous month: no recession for the foreseeable future. With exports growing at an estimated 15 percent, profits in the smokestack industries are moving up. This is stimulating a resurgence in capital spending. "The spectacular growth of exports is the only thing preventing the U.S. from sliding into a recession," says Robert A. Brusca, chief economist for Nikko Securities.

The only threat to the export boom, says Brusca, is slow growth in other industrial countries, especially Germany. "Even more competitive U.S. goods won't sell if people overseas aren't earning enough to buy them," he says.

—EDWARD M. MERVOSH

IDENTIFIABLE DEMOCRATS

Contrary to the predictions of most political commentators that the Democrats would move to the middle of the road after two Reagan landslides, all of the party's presidential candidates are taking a strong liberal stance. Even Senator Albert Gore of Tennessee, the most conservative Democrat in the race, had an AFL-CIO rating between 86 percent and 93 percent in five of the six years before he began running for President.

That's a far cry from 1984, when Senator John Glenn of Ohio and Senator Ernest F. Hollings of South Carolina took a decidedly conservative position. The reason for the move to the left, undoubtedly, is that the Democratic activists who vote in the primaries are overwhelmingly liberal. "Only Jackson and Simon spout pure New Deal rhetoric," says Cur-

tis B. Gans, a Washington political analyst, "but all the candidates are for government intervention to deal with social problems. There's not much left at the grass roots of the old conservative Democrat."

—JOHN M. BARRY

BRADY'S BUNCH OF REFORMS

Don't look for action from Washington this year on the surprisingly radical stock-trading reforms proposed by the Brady report. "Congress breaks for the conventions and it's out in October," says a lobbyist for a major brokerage firm. "It's hard to see it producing a major piece of securities legislation."

Last month's report by the presidential commission study-



Let the Federal Reserve run the show, suggests Nicholas Brady.

ing the stock-market crash, headed by Wall Street's Nicholas Brady, called for a major overhaul of trading procedures. Among them: imposing price limits on stocks to calm volatile markets and making one agency, perhaps the Federal Reserve, the regulator of both the stock and futures markets.

Action is likely next year, with the arrival of a new administration and Congress. Spurring the lawmakers is the

CHRISTMAS SALES OF MAJOR RETAILERS

	1987 (in millions)	1986 (in millions)	% Change
K mart	\$4,137.0	\$3,829.0	+ 8.0%
Sears, Roebuck	4,110.0	3,920.0	+ 4.9%
J.C. Penney	2,519.0	2,320.0	+ 8.6%
Wal-Mart	2,260.0	1,691.0	+34.0%
Dayton Hudson	1,990.0	1,670.0	+19.1%
May Department Stores	1,850.0	1,680.0	+10.0%
Federated Department Stores	1,572.5	1,483.6	+ 6.0%
Zayre Corporation	973.3	864.0	+12.7%
Montgomery Ward	757.7	718.9	+ 5.4%
F.W. Woolworth	687.0	625.0	+10.0%
The Limited	531.4	498.0	+ 7.0%

Source: Reuters

specter of another crash, which is scaring money managers away from stocks. "The volatility is going to wreck the market," says James Owen, executive vice president of NWQ Investment Management Company.

—LEAH NATHANS

KUWAIT JUST BUYS AND BUYS

With the shares of British Petroleum down sharply in the wake of the market crash, the government of Kuwait began buying the company's stock in November and December, and has now accumulated a 16 percent stake in the giant oil company. Kuwait's move is far more than just an investment.

"The Kuwaitis want refineries and distribution facilities in Europe through which they can push Arab oil," says Philip Verleger Jr., an oil expert at the Institute for International Economics in Washington. He says that Kuwait may purchase more British Petroleum shares and then offer to swap them for some of the company's refining and distribution facilities in Europe. "If oil prices double in the next five or seven years, and that is very likely," says James E. Akins, a political consultant and former United States Ambassador to Saudi Arabia, "Kuwait will be in a powerful position to extract some very valuable assets from BP."

—LYNN ADKINS

HARNESSING THE SUNSHINE

Last month, after three years of futile efforts in the computer business, American Telephone & Telegraph Company purchased 20 percent of the stock of Sun Microsystems, a California computer company. The \$300 million investment will give Sun, a maker of engineering workstations, the muscle to crack the market for general-purpose office machines, currently dominated by International Business Machines Corporation. It also gives AT&T access to the technical know-how—and the profits—it never achieved in its own computer business.

Given the California firm's extraordinary growth after only six years in business, AT&T might be wise to emulate another big Sun investor, Eastman Kodak Company, and be a silent partner.

—PAUL FARHI

EUROPE'S COMING AIR WARS

Travel-industry executives are predicting that the deregulation of Europe's airlines, which began on New Year's Day, will result in fare reductions, a wave of mergers and, eventually, the creation of a few mega-airlines.

Under the deregulation agreement, carriers are al-

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